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EMPLOYEE RELATIONS COMMITTEE MEETING

Tuesday, April 10, 2007

Council Chambers

PRESENT: Alds. Krill, Purins, Stepaniak – 3

EXCUSED: Alds. Maher, Meaux

ALSO PRESENT: J. Archambo, City Admin.; A. Kesner, City Atty.; C. Thomas, Payroll & Benefits Mgr.

Ald. Purins as chair called the meeting to order at 6:48 p.m.

Survey of health insurance benefits for comparable cities

The committee reviewed a series of reports showing the city's healthcare benefits and the healthcare benefit plans of comparable cities. Mr. Archambo noted that the comparables used were established through the collective bargaining process and these comparables were reaffirmed with the last arbitration case in 2005. He pointed out that they collected data on the health care benefits of 10 comparable cities with the exception of the City and County of Milwaukee. Ms. Thomas said there was very little data that could be obtained from the county. They could try to get more information from the City of Milwaukee, but Milwaukee would not be considered comparable to Wauwatosa in any other arbitration case. Ald. Purins asked for information from the State of Wisconsin, even if it is not comparable, just to have more data.

Ms. Thomas said the breakdown for the health and dental enrollment is more exhaustive than needed for the purpose of discussion because it was put together for the person that does the city's rates. It does give an idea of the status of singles and families. Auxiant is the largest, self-insured dental. There are two other dental plans, one with an enrollment of 12 and the other with an enrollment of 230 employees. The oldest active employee is 68 years old and the youngest is 22 years old. Mr. Archambo noted that there are 417 active employees. There are 85 employees under the age of 65 or about 20% of the number of active employees and 74 employees over the age of 65. There is no direct premium payment, but there are payments for co-pays, prescriptions and deductibles. For the retirees in the less than age 65 group, the premium is covered by the city, but when there is a year to year cost increase the employee picks up the difference. The retirees over the age of 65 pick up the total cost. He added that there are approximately 56 employees eligible to retire and take the health insurance because of the combination of age and years of service. Ms. Thomas noted that there is less lateral transfer in the police and fire departments than with the general employees.

Ms. Thomas described the information on the wages and wellness spreadsheet. There is data on a number of cities listing their wage increases. Almost all the comparables offered wellness programs with a wellness budget. Some traded wage increases for a premium share meaning that groups that agreed to a higher healthcare premium received a bigger increase in wages. Mr. Archambo said he believed the most recent information in the spreadsheet was from 2006-2007.

Ms. Thomas noted that the next spreadsheet outlines rates and cost sharing including the comparables. It notes the premium shares and premium caps for singles and families and whether they are fully or self-

insured. It also includes the co-pays for emergency care and whether the comparable cities have Health Risk Assessment (HRA) programs. Mr. Archambo noted that the employees are paying approximately 17% of the prescription costs and 7.6% of the medical claims. Ms. Thomas added that it is not clear how many families hit the \$1,800 family out-of-pocket maximum. She stressed that the numbers from 2006 are fairly good because they come from the year that the city was implementing the health care benefit changes. They need to look at newer data in order to more fully determine the impact of those changes. She noted that increasingly cities are changing to plans that require post Medicare retirees to bear the entire cost. She added that when retirees purchase a plan they lower the city's liability. There was a concern that the retirees would lose their coverage until Medicare D came along. Medicare still pays a significant portion of the cost. Mr. Kesner stressed that the city's labor package stipulates that the retirees have to be offered the same plan as the bargaining groups.

Cost and scope of compensation study

Mr. Archambo reported to the committee that a representative from the original Carlson Dettman salary study advised that the city could essentially replicate the work done in the last study (public and some private sector matches) for a similar number of benchmark positions, review internal compression and analysis of pay plan maturity at a cost of approximately \$12,000. The estimated time it would take to update the study would be about 60 days. Total compensation costing could be done in two ways: 1) do a complete total compensation costing for about \$1,000, and 2) ask every community in the comparable group to do the same. If everyone cooperates, the study could be done in one month. It would cost approximately \$1,000 to obtain and assemble the data. His recommendation was to do an update of the current compensation study at a cost of approximately \$12,000. Whether it is done now or budgeted for next year, it would still be timely. He felt that this was the responsible thing to do and it demonstrates a desire to be up-to-date on the value of the city's positions. He added that it is probably not necessary or appropriate to include union positions at this point.

Moved by Ald. Krill, seconded by Ald. Stepaniak to request staff to report back to the committee with a proposal to update the original Carlson Dettman Salary Study including the total cost for the study and a source of funding --

Mr. Archambo suggested that information from the city and comparable private sector positions would be helpful. It was noted by Ald. Stepaniak that it was his understanding that Carlson Dettman said it was difficult to make comparisons between public and private sector positions. Mr. Archambo felt that the comparisons could be made with positions that are similar. Ald. Stepaniak suggested that comparing with other municipalities might be a better apples to apples comparison. He wanted to avoid data that would not be a valid comparison

Vote on the motion was Ayes: 3

Summary of 2005-2007 collective bargaining agreements

Mr. Archambo noted that the city's collective bargaining units very closely parallel each other. All contracts included a 3% wage increase for each of the three years, identical health insurance packages and some sort of quid pro quo of approximately \$50.

With regard to OPEIU (clerical), a partial settlement was ratified on February 7, 2005. It left open the proposed changes to the HMO plan. OPEIU agreed to be bound by the result of the interest arbitration involving AFSCME. The city won the arbitration. In approximately May, 2006, the changes to the HMO were implemented with respect to this group. The partial settlement also left open the issue of whether bumping rights were to be expanded. This single issue went to interest arbitration. The city proposed the

status quo, the union proposed an expansion of bumping rights. The primary difference between the proposals was that the unions proposed that a reduction of hours constitutes a layoff such that bumping rights are triggered. The city's position was that a reduction of hours is not a layoff and those employees whose hours are reduced have no bumping rights. The arbitrator selected the union's offer on the theory that a reduction of hours is tantamount to layoff due to the loss of benefits.

AFSCME (DPW): Interest arbitration on the issue of health insurance. On April 6, 2006, the arbitrator selected the city's final offer on the grounds that the city had demonstrated a need for the proposed change and that the proposed change was reasonable in light of the comparables.

A seniority issue was also addressed at interest arbitration. The union proposed language stating that if more than one member of the bargaining unit is on an eligibility list for a vacancy, the member with the most seniority must be selected. The city proposed status quo which allowed the city to select between two internal bargaining unit member candidates without regard to seniority. The arbitrator found the union's proposal more reasonable on this issue since most comparables considered seniority in bargaining unit candidates; however, the arbitrator found that the health insurance issue was the central issue and the seniority issue was not of significant importance to outweigh the health insurance issue.

Ald. Donegan asked about the level of involvement in the collective bargaining process for the retirees. Mr. Kesner noted that there has been a continuing demand that the retirees be treated the same as the other groups.

Mr. Archambo said they are trying to put together a planning document for the committee on how the city plans health insurance. They are planning to submit this by April 24th.

Ald. Donegan encouraged the committee to review a report from an actuary on retiree benefits. Mr. Archambo noted that the actuarial calculation of post retirement health benefits was referred to in the Moody's rating services report.

The meeting adjourned at 7:47 p.m.

Carla A. Ledesma, City Clerk
City of Wauwatosa

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